

June 17, 2011

Dear Honorable Mayor, City Council Members and Riverdale Citizens:

I would like to thank you for the opportunity to present the proposed Fiscal Year 2012 (July 1, 2011 to June 30, 2012) Annual Operating Budget and other Funds to you for your consideration and adoption.

Fiscal year 2011 has been a year of highs and lows. The City of Riverdale leapt into the future with the construction and opening of a new 20,000 square feet city hall, 40,000 square feet community center and 1,000 seat amphitheater in a newly designated Town Center. These facilities served as a signal to the citizens and businesses that Riverdale is a viable municipality that is eager to invest in itself to improve service delivery to those who live, work and play in Riverdale.

The good news didn't stop with the construction of the Riverdale Town Center. A Master Plan for a new park was funded and approved by the Mayor and Council. Funding was secured from a Recovery Bond for Phase I of an 8.7 acres new park that will include baseball, football and multipurpose fields, a concession and restroom building, picnic pavilions, playground and walking trail. This will be the first new park in over ten years.

Riverdale's central business district also enjoyed some successes with the addition of two rental car companies, a new Family Dollar store and a new entry road into the Riverdale Town Center that offers prime real estate available for development.

The bad news included the first negative impacts of the real estate market bust and the decline in property values in Clayton County. After several years of rising property assessments the recession caused values in all assessed property (Real and Personal, Motor Vehicles) to drop. Commercial and residential property values plummeted by 35.31% from 2009 to 2011. These taxes comprise approximately 19% of the revenues we collect for the General Fund. The recession had a negative impact on the value of *all* property; real and personal and motor vehicles. This began in 2009 with a 4.88% decrease in the digest followed by an 11.50% decline in 2010. These losses in value along with *decreases* in sales tax collections and *increases* in unemployment combined to stress FY11 revenues.

Although the economic climate is improving, Clayton County is still struggling with declining property values. Riverdale is predicted to lose an additional 5.95% in the digest. If this holds true Riverdale would have experienced an unprecedented 22% decline in property values in three years. In fact, Riverdale was named the "Most Affordable Home Market" in Georgia and the 2nd "Most Affordable Home Market" in the United States by Coldwell Banker Real Estate LLC because of the availability of homes with three to four bedrooms with two baths at very low prices. Because property taxes comprise over 19% of our General Fund budget, the loss of property taxes will have a major impact on the City's revenues.

Despite these financial difficulties the work on projects that began in FY11 will continue:

- Construction of Phase I of a new park along Wilson Road
- Transportation Enhancement Program for side walk and intersection improvements along S.R. 85

- Construction of a Town Center parking deck
- Staffing and Operation of the Riverdale Centre
- Replacement of a 30 year old fire engine
- Purchase of two new police patrol vehicles.
- Development of commercial space along Town Center Drive

The City of Riverdale's focus in FY12 will be:

1. Economic Development – The City will continue to partner with the Riverdale Downtown Development Authority to attract investors in the Central Business District as well as the Town Center. Because of the steep decline in the value of residential property, the development of commercial real estate is crucial to the City's economic viability.
2. Staffing and operation of the Riverdale Centre as an amenity and enterprise fund. The Riverdale Centre is filling a niche in the area of event facility rentals because of the location and attractiveness of the meeting spaces.
3. Automating routine City business such as the ability to order residential and commercial sanitation services, applications for business licenses, and payment of occupation taxes, order police reports and other activities that now require an in-person visit to an office.
4. Purchase of a new fire engine to reduce maintenance costs on a 30 year old truck and purchase two replacement police patrol cars.
5. Maintenance of current levels of service delivery to the general public.

Preparations of the Fiscal Year 2012 Annual Operating Budget

Budgeting for Fiscal Year 2012 has been very difficult because of the uncertainty related to the decrease in property values and the slow economic recovery in the metro Atlanta area. Retail sales continue to be soft and unemployment, while declining, is still above average.

Department directors were initially asked to submit budgets that were 3% less than their request in FY2011. Budget submissions were to follow the priorities of the Mayor and Council and for normal operating costs. Initial departmental submissions were \$12,305,470 approximately \$ 1,532,043 over initial projected revenues.

Budget Description

Riverdale, like other municipalities, has experienced increases in fuel, healthcare costs (8%), personnel to staff the Riverdale Centre and in energy costs. Despite these increases, we have been able to *decrease* expenditures while maintaining the same service levels provided in FY11. In order to decrease the budget the following actions were taken:

- Defunding of four part-time positions
- Institution of five furlough days
- Deferment of City contribution to 401 (a) and 457 Defined Contribution Program

- Decreases in travel, uniforms, training with the exception of mandated training for certification
- Deferment of capital purchases except for police patrol cars and fire apparatus
- Hiring freeze for vacant positions

The Fiscal Year 2012 Annual Operating Budget is a compilation of the revenues, expenditures and service delivery expected beginning July 1, 2011 to June 30, 2012. The City's largest fund – General Fund – will continue to pay for the routine service delivery provided by the police, fire, emergency communications, community and economic development, general services, administration, community, cultural and leisure services and governance. For Fiscal Year 2012 the General Fund will total \$11,210,904 in revenues and expenditures. This represents decreases in Taxes, Investment Income and Grants and increases in Licenses & Permits, Charges for Service, Fines and Forfeitures and Miscellaneous Revenues. These increases and decreases represent an overall decrease of \$434,096 from Fiscal Year 2011.

Property owners in Riverdale will actually pay less in property taxes because of a decrease in property values. While this will mean less revenue for the City of Riverdale to use for service delivery there is no recommendation for an increase in the millage rate which will remain at 7.5%. There has been no property tax increase in the City of Riverdale for the past six years even though service levels have greatly expanded.

City personnel have been able to achieve this by increasing efficiencies, productivity and forgoing pay increases for the three years.

Other Funds

Fund 201 was created in FY11 to account for revenues generated by the Riverdale Centre. This fund will continue in FY12 and includes revenues and expenditures of \$145,785.

Red Light Camera Fund includes revenues and expenditures of \$100

Capital Improvements Fund - \$52,000

E911 Fund includes revenues and expenditures of \$508,026

Economic Development Fund includes revenues and expenditures of \$134,363

Hotel Motel Fund includes revenues and expenditures of \$30,172

Solid Waste Fund includes revenues and expenditures of \$1,426,200

Recovery Bond Fund includes revenues and expenditures of \$5,031,618

Debt Service Town Center Certificate of Participation Series 2009 includes revenues and expenditures of \$3,027,919

SPLOST (Special Purpose Local Option Sales Tax) includes revenues and expenditures of \$2,100,000

Community Development Block Grant (CDBG) Fund includes revenues and expenditures of \$450,000

Confiscated Assets Fund includes revenues and expenditures of \$36,000

Workers Compensation Fund includes revenues and expenditures of \$100,000

Operational Changes

The only operational change planned for FY12 is the reassignment of the Neighborhood and Community Improvement Division to the Department of Community Development. During FY11 oversight of the Division was assigned to the Planning Department.